

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5571-01  
Bill No.: HB 1799  
Subject: Insurance - Medical; Insurance Department  
Type: Original  
Date: March 10, 2014

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Bill Summary: This proposal prohibits health carriers from requiring prior authorization for serious or urgent conditions and requires certain health benefit determinations to be made within 24 hours rather than 2 working days.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown greater than \$18,453)	(Unknown greater than \$36,905)	(Unknown greater than \$36,905)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown greater than \$18,453)</b>	<b>(Unknown greater than \$36,905)</b>	<b>(Unknown greater than \$36,905)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Insurance Dedicated	Up to \$5,700	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$5,700</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal Funds	(Unknown greater than \$31,548)	(Unknown greater than \$63,095)	(Unknown greater than \$63,095)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown greater than \$31,548)</b>	<b>(Unknown greater than \$63,095)</b>	<b>(Unknown greater than \$63,095)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Transportation**, the **Department of Mental Health**, the **Missouri Department of Conservation**, the **Missouri Consolidated Health Care Plan** and the **Department of Health and Senior Services** each assume the current proposal will not fiscally impact their respective agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to Department of Transportation for response of fiscal impact.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** state that insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,700.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Department of Social Services - MO HealthNet Managed Care** state that since the legislation requires initial determinations to be made within twenty-four hours of receipt of all necessary documentation, the Managed Care Organizations (MCOs) that contract to provide services to MO HealthNet Managed Care members may need to hire additional staff in order to ensure there are sufficient utilization of management staff (nurses and physicians) available on weekends and holidays to make these determinations in a timely manner. This cost would be passed onto the state in the administrative portion of the capitated rate. It is not known how many additional staff each MCO would need but it can be assumed that at least two additional clinical staff per MCO would be needed for part time work on an annual basis and that cost could exceed \$100,000 per year. Therefore, the potential fiscal impact is unknown greater than \$100,000 for this provision.

**Oversight** assumes the provisions of this legislation will take effect January 1, 2015.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (6 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - DOS Additional MCO staff to provide determinations within 24 hours	(Unknown greater than <u>\$18,453</u> )	(Unknown greater than <u>\$36,905</u> )	(Unknown greater than <u>\$36,905</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown greater than \$18,453)</u></b>	<b><u>(Unknown greater than \$36,905)</u></b>	<b><u>(Unknown greater than \$36,905)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Costs</u> - DOS Additional MCO staff to provide determinations within 24 hours	(Unknown greater than <u>\$31,548</u> )	(Unknown greater than <u>\$63,095</u> )	(Unknown greater than <u>\$63,095</u> )
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown greater than \$31,548)</u></b>	<b><u>(Unknown greater than \$63,095)</u></b>	<b><u>(Unknown greater than \$63,095)</u></b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Revenues</u> - DIFP Policy Amendment Fees	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>Up to \$5,700</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

Small insurance businesses would be required to amend their policies, and file their form with the Department of Insurance.

### FISCAL DESCRIPTION

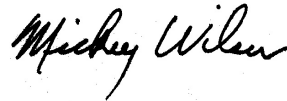
This proposal changes the laws regarding health insurance benefit determinations. Currently, a health carrier is required to make an initial determination within two working days of obtaining all necessary information regarding a proposed admission, procedure, or service requiring a review determination. The proposal changes the time period to within 24 hours of obtaining the information.

Coverage of serious and urgent conditions must be subject to applicable co-payments, coinsurance, and deductibles. When an enrollee receives services for a serious and urgent condition requiring immediate post evaluation or stabilization services, the health carrier must provide an authorization decision within 60 minutes of receipt of the request. If the health carrier fails to provide an authorization decision within 30 minutes, the services must be deemed approved.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration  
Department of Health and Senior Services  
Department of Social Services  
Department of Mental Health  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Department of Transportation  
Department of Public Safety - Missouri Highway Patrol



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March 10, 2014

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